C. The Production of Flour

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433 It has been estimated that, as of 1953, Formosa required 108,000 metric tons of flour in order to meet civilian and military requirements. Demand for flour has greatly increased as the result of the influx of refugees from the China Mainland, most of whom choose flour in preference to rice as the main staple of their diet. At present the island can produce only about 17,000 metric tons of wheat. Of this amount, and apparently far short of the island's requirements, only about 10,000 metric tons is available to be milled as flour; the remainder is utilized in brewing, for seed, and so forth. Natural conditions are believed to limit Formosa's optimum wheat production to 30,000 metric tons a year, and in consequence the island has found it necessary to import either flour or wheat. It was believed that the importation of wheat for domestic milling was most economical, in view of foreign exchange. The Foreign Operations Administration has been of aid in the importation of wheat and its distribution to local mills. As a result, the number of flour mills in Taiwan has increased in recent years, to the point where the milling capacity exceeds the requirements of the island.

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433 The provincial government owns two flour mills, and there are 33 relatively large private

19. James E. Auburn, "Taiwan Wheat and Wheat Flour Requirements," Chinese-American Economic Co-operation, Taipei, Mutual Security Mission to China, Vol. 1, No. 12, pp. 25-30.

[47] mills and 80 smaller mills scattered over the 256 island. Their combined productive capacity is 433 reported to be approximately 1,227 metric tons a day. If the mills were in operation only 250 days a year, their total capacity would be some 306,750 metric tons a year, far exceeding the estimated annual consumption requirement of 108,000 metric tons. The annual consumption requirement may have increased as the population increased in the past two years. The production goal for 1955 was set at 160,000 metric tons of flour, to be processed from 208,000 metric tons of imported wheat in addition to 8,000 metric tons of domestic wheat.

It should be noted that Formosa's production of flour is vitally dependent upon the importation of wheat. Delay or discontinuation of import would immediately affect local markets.

D. The Production of Edible Oil

388 Peanut oil and soybean oil are the most im- 433 portant types of edible oil produced in Formosa. The oils are used in domestic cooking. What remains after the oil has been extracted is used to feed animals or as fertilizer. Although enough peanuts are produced to meet domestic requirements, about one-third of the soybeans needed are imported. Approximately 500 producers of edible oil were reported in 1954. Most use cottage-type pressing mills, operated by human and animal labor. There are only 24 modern oil-pressing mills on the island. The production of peanut oil, peanut cake, soybean oil, and soybean cake is